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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

APR 1 1939

TS-10 March 28, 1939.

THE TOBACCO SITUATION
Spring Outlook Issue

Summary

The general demand situation for all types of tobacco in 1939-40 probably ill not be greatly different from that of 1938-39, says the Bureau of Agricul-ural Economics. The large 1939 acreage indicated by March 1 prospective plant-ngs, however, may lead to a significant increase in production of some types, articularly flue-cured.

Flue-cured tobacco acreage in 1939 will total 990,400 acres if growers in-rease acreage by 11 percent over 1938, as indicated by March 1 prospective plant-ngs. With 1932-36 average yields, the 1939 crop would be slightly smaller than he estimated production of 786 million pounds, the past year. With a yield equal o 1938, however, the indicated area for 1939 would produce a crop of 872 million ounds.

The demand for flue-cured tobacco in 1939-40 probably will not be greatly ifferent from that of 1938-39. Prospects for stable or moderately improved eneral business conditions throughout the remainder of 1939 make it probable that igarette consumption will be maintained at its present high level. Stocks of nited States flue-cured in Europe are the largest on record and production within he Britihs Empire is increasing, but the total consumption of flue-cured leaf in igarettes and light smoking blends continues to expand.

Prospective plantings as of March 1 indicate a decline of 3.2 percent in Burley tobacco acreage in 1939 as compared with 1938. Assuming 5-year average yields, the crop would be about 324 million pounds compared with the present esti-mate of 335 million pounds for 1938. Stocks on October 1, 1939, are expected to

show a slight increase over a year earlier. A large proportion of the total pr duction the past season consisted of tobacco of the smoking grades which brougt much lower prices, relative to tobacco on the heavy side, than in previous yees In view of the outlook for the same or a slightly larger domestic consumption f cigarettes and smoking mixtures, the demand for the 1939 Burley crop is expectd to be about the same as that for the 1938 production.

No change is indicated in the area of Maryland tobacco for 1939 relativ 1938. The 1937 crop, sold in 1938, brought a considerably lower price than tht of 1936. Plans are being made to sell part of the 1938 crop on loose leaf auci floors.

Prospective plantings as of March 1 indicate declines of 12 percent in h acreage of fire-cured and 11 percent in dark air-cured tobaccos. With average yields per acre, the 1939 crops would be about the same as the record low production of 1938. Demand for and disappearance of dark tobaccos probably will tinue their downward trend. Total supplies probably will be even smaller in 1939-40 than in the present season, and it is reasonable to believe that the average quality of the crop will be above that of this year.

Larger acreages are in prospect, in 1939, for filler, binder, and wrappr groups of cigar tobacco. With 1932-36 average yields, crops would be somewhat larger than in 1938. As a result of smaller prospective stocks of filler and wrapper on October 1, however, total supplies of filler would be less and of binder and wrapper only slightly larger in 1939-40 than in 1938-39. Tax-paid withdrawals of large cigars showed a small decrease in the calendar year 1938 relative to 1937. In recent months withdrawals have risen slightly above the levels of a year earlier, and total withdrawals in 1939 probably will be above those of the preceding year.

FLUE-CURED, TYPES 11 - 14

Flue-cured tobacco acreage in 1939 will total 990,400 acres if growers carry out March 1 prospective plantings. This would be an increase of 11 percent over 1938 and the largest acreage since 1930. If yields per acre should turn out to be the same as in 1938, production would total 872 million pounds; with 1932-36 average yields the crop would be slightly smaller than the 786 million pounds of this season; with the record high yield of 1935 the crop would total more than 919 million pounds; and if the extremely low yield of 1932 should materialize the crop would be slightly less than 600 million pounds. The tendency since 1933 has been to practice more intensive cultivation, concentrate production on the most suitable land and fertilize heavily. Under these conditions and with a fair season, yields per acre in 1939 are apt to be average or above.

Since disappearance in the 12 months ended June 30 is estimated to be slightly below 1938 production, stocks on July 1 are expected to show a small increase over those of a year earlier. With average yields per acre on the area indicated by March 1 prospective plantings, the total supply would be about the same as in the last two seasons. If yields should be similar to those of the last 3 or 4 years, however, supply would show some increase.

The estimated 1938 crop of 786 million pounds sold at an average price as calculated from warehouse sales reports of 22.5 cents as compared with an average price of 23 cents received for the 1937 production of 855 million pounds. Although estimated marketing season returns this last year of about 176 million dollars were 11 percent less than those of the preceding season, they were, with that exception, the largest since 1919.

On the basis of present conditions, it seems probable that the demand for United States flue-cured tobacco in 1939-40 will not be greatly different from that of 1938-39. The maintenance of a favorable marketing situation appears to depend in large part upon the ability of growers to keep production from rising above the 1938 level.

Flue-cured tobacco: Domestic supplies, disappearance, and price to farmers, average 1932-36, annual 1937, 1938, and indications for 1939

Type	Farm-sales-weight equivalent					
	Average 1932-36	1937	1938 1/	Based on prospective acreage, specified yields, and probable stocks		
				1939 2/	1939 3/	1939 4/
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Flue-cured, Types 11-14 -						
Production	631.6	854.9	5/786.0	779.4	919.1	599.2
Stocks (July 1)	785.9	883.2	954.5	967.6	967.6	967.6
Supply	1,417.5	1,738.1	1,740.5	1,747.0	1,886.7	1,566.8
Disappearance	628.3	783.6	772.9			
Price (cents)	19.3	23.0	5/ 22.5			

1/ Preliminary. 2/ Production based on 5-year average yield, 1932-36, of 787 pounds; 3/ high 1935 yield of 923 pounds; and 4/ low 1932 yield of 605 pounds. 5/ Production and price indicated by sales data.

Domestic demand

The domestic demand for flue-cured tobacco of the 1939 crop will be related in an important degree to the movement of general business conditions, commodity prices, particularly prices of farm products, and the demand by consumers for cigarettes. Tax-paid withdrawals of small cigarettes in the United States during the calendar year 1938 were less than 1 percent greater than in preceding year. This was a much smaller increase than those which occurred between 1933 and 1937, but it represented a very strong resistence to the declin in consumer incomes which accompanied the much lower level of general business activity in 1938 as compared with 1937. During the past 3 or 4 months, withdrawals have run above those of a year earlier by a somewhat wider margin.

In view of the recent improvement in general business and industrial activity and prospects for a continuance of or even an improvement from preser levels, it seems probable that demand for and consumption of cigarettes in 19 will be at least as large and perhaps somewhat larger than in 1938. The consumption of light smoking tobaccos which contain significant quantities of fl cured also probably will be maintained or slightly increased.

Foreign demand

Flue-cured tobacco prices and returns to growers will depend, to a considerable degree, upon the demands of foreign countries where over half of th crop is marketed. The factors affecting foreign demand for United States flu cured are numerous but the most important are total foreign consumption of al flue-cured leaf, production of flue-cured tobacco outside of the United State and trade restrictions of various kinds. These factors are more or less inte related. It seems likely that total foreign demand for United States flue-cu leaf in 1939-40 will not be greatly different from that of the present season

The demand for flue-cured leaf in the world outside of the United Stat has shown an upward trend since the World War, due primarily to the increased utilization of cigarettes, to a lesser extent to the shift from Oriental to f cured and blended cigarettes and also to the shift toward lighter blends in s ing tobacco. This trend continued through 1938. Sales of cigarettes increas in nearly all the European countries. The total increase during the year is mated to have averaged about 5 percent. The most rapid increases were in Pol Finland, Germany, Italy and in the British Isles.

In the first four countries the increased use of cigarettes represente for the most part a greater demand for Oriental type leaf, although in these countries and some other areas there was a continued shift toward American ty blended cigarettes made from flue-cured and Burley. In the British Isles, ho ever, by far the most important foreign cigarette consuming country, the incr has been confined almost entirely to flue-cured leaf. Developments in 1939 probably will be similar, although the growth in cigarette consumption may ta

Note: Information on foreign conditions obtained largely from reports prepared in foreign countries by representatives of the Foreign Agricultural Service.

lace or occur at a somewhat slower rate particularly in view of the slackening f business in England and the continuation of high and the possibility of the mposition of even higher trade restrictions and taxes affecting leaf tobacco nd tobacco products in continental Europe. It is estimated that total European onsumption of smoking tobacco declined slightly in 1938 as compared with the receding season. However the light fine-cut tobaccos, in the manufacture of hich flue-cured is extensively used, increased generally.

Exports of flue-cured tobacco from the United States in the 8 months nded February 28 totaled 308 million pounds or slightly more than those in he corresponding period a year earlier. Exports to the United Kingdom, which akes about two-thirds of all exports, were somewhat larger than a year earlier uring the months of August, September and October but since then have been unning lower than in the corresponding months last season. The higher level f shipment in the first part of this season presumably was due to the exceptionlly rapid rate at which the crop was marketed. Exports to China have been somehat larger, and those to other countries as a whole somewhat smaller than in he 1937-38 season. Shipments to those European countries which usually take igh grade leaf - the United Kingdom, Ireland, and Sweden, particularly the nited Kingdom - were encouraged by the fact that the better grades of leaf his last season were lower in price than in 1937-38. On the other hand, hose foreign countries which usually purchase the lower grades, such as the etherlands, Belgium, Denmark, Finland, the Baltic States, and China have ought smaller quantities than otherwise would have been the case due to the omparatively high prices placed on the lower grades of leaf. Since the uantity of flue-cured taken by the high grade markets is much greater than hat accounted for by the low grade markets, it is likely that the abnormal ituation with respect to inter-grade prices tended to stimulate exports of lue-cured leaf as a whole.

The stock situation in foreign countries at the beginning of the 939-40 season probably will be less favorable to foreign purchases of merican flue-cured than has been the case in the past two seasons. As a esult of large imports from the 1937 and 1938 crops, European stocks of lue-cured leaf produced in the United States are at record high levels. While hese stocks cannot be considered to be excessive in view of the high rate of onsumption, unless utilization increases much more rapidly than is expected uring the next year foreign dealers and manufacturers will not find it ecessary to buy large quantities of United States leaf for the purpose of building up stocks to a normal relationship with the higher level of consumption. Stocks of Empire flue-cured in the United Kingdom are extremely large, particularly of Indian. While most of this tobacco is not suitable for use in the manufacture of cigarettes in competition with the better grades of United States leaf, it is competitive with American tobacco in the making of smoking blends.

As has already been pointed out in previous issues of the TOBACCO SITUATION, the production of flue-cured tobacco in the various colonies and dominions of the British Empire has expanded with great rapidity in recent years. This expansion is shown graphically in the chart at the end of this report. Production has been stimulated in the producing territories, largely perhaps by the British tariff preference on Empire-grown leaf amounting to approximately 50 cents per pound. While production probably will not expand as rapidly during the next 2 or 3 years as in the recent past, Empire crops in 1939 are expected to be as large as or larger than in 1938.

The production and consumption of flue-cured leaf in China continues to be restricted by military operations. The 1938 production still is estimated at only about 81 million pounds, as compared with 210 million in 1937. The 19 crop and a part of the 1937 crop which is still in the hands of farmers have been moving to market in recent months. Marketing has been greatly hampered, however, by disruption of transportation facilities and currency uncertaintie These factors probably have been primarily responsible for the fact that Unit States exports of flue-cured tobacco to China this season have been running above those of a year earlier. Chinese production in 1939 is expected to be larger than in the present season.

BURLEY, TYPE 31

Prospective plantings as of March 1 indicate a decline of 3.2 percent under last year's area of 434,600 acres. This would mean about 420,900 acres which is considerably above the 1932-36 average of 359,000 acres. Assuming a yield equal to the 5-year average, the crop would total 323,700,000 pounds. With yields amounting to the 1937 high, the crop would be nearly 382 million pounds, and with an output per acre equivalent to the 1936 low, production would be only 306 million pounds. Since estimated disappearance during the present 1938-39 season is somewhat smaller than the present estimate for the 1938 crop, stocks on October 1 are expected to show some increase over the 661 million pounds available on October 1, 1938.

The marketing season for Burley came to an end with the closing of the Lexington market on February 17. The crop is at present estimated to have been about 336 million pounds. The average price this season was a little m than 19 cents compared with 20.1 cents received for the 1937 production of o 402 million pounds. As in the case of flue-cured, there was a much narrower range in prices between the lower and the better grades. As pointed out in January issue of the TOBACCO SITUATION, one important reason for this was th large proportion of smoking grades and small proportion of filled grades in the 1938 crop as well as in manufacturer's stocks. Also outstanding this ye was the remarkable steadiness of prices throughout the marketing period as contrasted with most previous seasons, particularly 1936-37 and 1937-38, whe prices declined drastically during the last half of the season.

Burley tobacco: Domestic supplies, disappearance, and price to farmers, average 1932-36, annual 1937, 1938 and indications for 1939

Type	Farm-sales-weight equivalent					
				Based on prospective acreage, specified yields, and probable stocks		
	Average 1932-36	1937	1938 1/	1939 2/	1939 3/	1939 4/
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Burley, Type 31-						
Production	274.8	402.3	5/ 335.7	323.7	381.8	306.0
Stocks (Oct. 1)	735.0	571.8	660.7	676.2	676.2	676.2
Supply	1,009.8	974.1	996.4	999.9	1,058.0	982.2
Disappearance	297.0	313.4	320.2			
Price (cents)	18.9	20.1	5/ 19.1			

1/ Preliminary.
2/ Production based on 5-year average yield of 1932-36 of 769 pounds; 3/high 1937 yield of 907 pounds; and 4/low 1936 yield of 727 pounds.
5/ Production and price indicated by sales data.

In view of the expected maintenance or slight increase in the consumption of cigarettes and smoking tobacco, the demand for Burley from the 1939 crop probably will be about the same as or slightly better than that of the present season. Due, however, to the ample stocks, particularly of the smoking grades, which will be on hand at the beginning of the next marketing year, the 1939 crop must necessarily be no larger or even slightly smaller than that of 1938 if total supply is not to be significantly increased.

MARYLAND, TYPE 32

The area of Maryland tobacco in 1938 was 37,500 acres, and March 1 prospective plantings, indicate the same acreage in 1939. Yields per acre were above average in 1938 and a large crop of 29,200,000 pounds resulted. Since this is somewhat more than estimated disappearance, stocks on January 1, 1940 are expected to show an increase. With 5-year average yields the indicated 1939 acreage would produce a crop of 27,700,000 pounds; with the high 1936 yield, production would approximate 30,300,000 pounds; and with the low 1933 yields, about 22,500,000 would be produced.

Maryland tobacco has found its principal use in recent years in the manufacture of cigarettes in the United States. This is an entirely different situation from that prevailing two or three decades ago. Before the World War more than three-fourths of the crop was exported. Most of the exports went to France, Belgium, the Netherlands and Switzerland. In recent years, however, trade barriers and increased supplies of low-priced foreign leaf have caused exports to contract severely so that they probably have accounted for only about

a fifth of total disappearance during the last two or three seasons. Indicatio are that foreign demand will weaken still further.

Prices on the Baltimore market for the 1937 crop sold in the calendar ye 1938 were strong at the beginning of the season, but declined sharply as the season advanced and resulted in an average price materially below the 25.4 cent received for the 1936 crop sold in 1937. Low prices have led to a renewal of sharp criticism of the traditional method of marketing Maryland tobacco, and definite arrangements have been made to provide facilities so that growers may sell such of the 1938 crop as they wish over loose leaf floors. It is reported that auction sales will begin early in May.

Maryland tobacco: Domestic supplies, disappearance, and price to farmers, average 1932-36, annual 1937, 1938, and indications for 1939

Type	Farm-sales-weight equivalent					
	Average 1932-36	1937	1938 1/	Based on prospective acreage, specified yields, and probable stocks		
				1939 2/	1939 3/	1939 4/
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Maryland, Type 32 -						
Production	27.3	23.4	29.2	27.7	30.8	22.5
Stocks 5/	36.9	41.1	37.7	39.3	39.3	39.3
Supply	64.2	64.5	66.9	67.0	70.1	61.8
Disappearance 5/	25.5	26.8	27.6			
Price (cents)	19.5	17.5				

1/ Preliminary.
2/ Production based on 5-year average, 1932-36 of 738 pounds; 3/ high yield of 820 pounds in 1936; and 4/ low yield of 600 pounds in 1933.
5/ January 1 of year following production, and disappearance beginning January of year following production.

FIRE-CURED AND DARK AIR-CURED TOBACCOS, TYPES 21-24 and 35-37

March 1 prospective plantings indicate a decrease of 12 percent in the area planted to fire-cured tobacco and a decline of 11 percent in the acreage of dark air-cured types. Prospective acreage of all of the dark types for 193 is smaller than that of 1938, with the exception of Virginia fire-cured and Virginia sun-cured, for which no change in area is indicated. Assuming 5-year average yields, crops of both fire-cured and dark air-cured would be about the same as those of the present season which are the smallest on record. Even if yields should turn out to be much above average, production of fire-cured woul be extremely small relative to the average of recent years.

Although disappearance of dark tobaccos during the present season proba will be smaller than in 1937-38, it will be materially greater than the 1938 production of fire-cured and somewhat larger than that of dark air-cured. As result it is expected that stocks, particularly of the fired types on October 1939, will be considerably below those of a year earlier and much smaller than

he 1932-36 average. Supplies of fire-cured and dark air-cured tobaccos for the 939-40 season probably will be smaller than in the current season and will re-resent a new record low.

Disappearance in 1938-39 as during the past few seasons, will be larger han otherwise would have been the case, due to the operation of the Byproducts iversion Program of the Agricultural Adjustment Administration; also due to urchases of the commonest grades by the Reconstruction Finance Corporation for ses outside the regular channels of trade.

The production of dark tobaccos this season is now estimated to be much maller than earlier season estimates indicated, because of the unexpectedly evere damage suffered by crops during the very unfavorable growing season. In ddition to a sharply reduced poundage, the average quality of leaf, particularly hat of Kentucky and Tennessee fire-cured types 22 and 23, was materially lowered y wildfire. In these types the extremely poor quality of this season's crop, he resulting scarcity of snuff grades, and the weak foreign demand have resulted n average market prices lower than last year in spite of a reduction in produc-ion. Low quality and larger stocks had a similar effect on One Sucker prices otwithstanding a sharply decreased production. Green River prices, on the ther hand, were slightly above those paid for the 1937 crop.

Production of Virginia fire-cured is placed at approximately 15 million ounds which sold at an average price based on warehouse sales reports of 10.8 ents or about the same as that received for the 1937 crop. Crops of Kentucky nd Tennessee fired, types 22 and 23 are expected to total about 70 million ounds. It is estimated that season average prices for 22 will be about 8 cents nd for 23 about 6.6 cents as compared with 11.5 and 8.9 cents respectively in 937-38. The estimated average price for Green River of 9.6 cents compares with ast season's average of 9 cents. The average price of One Sucker is expected o be less than 6 cents as compared with 7.4 cents last year. Prices for the 938 crop of Virginia sun-cured were above those of the previous season. As a esult of comparatively low prices and extremely small crops, marketing season eturns to producers of Kentucky and Tennessee fire-cured tobaccos are expected to be a record low, lower even than the extremely small returns from the 1931 nd 1932 crops when prices were somewhat lower but production was much larger than in the present season.

Although the downward trends in the demand for and in the consumption of dark tobaccos probably will continue in 1939-40, much smaller stocks are in prospect at the beginning of next season, the outlook is for another small crop and it is extremely unlikely that the average quality of tobacco produced, especially Kentucky and Tennessee fire-cured, will be as poor as in the present season.

Domestic demand

During the last few years one-third of the total disappearance of fire-cured types has been accounted for by domestic utilization, the most important form of consumption being snuff. Over two-thirds of dark air-cured leaf is domestically consumed, the principal form of utilization being plug chewing

tobacco. The consumption of snuff in the United States has remained approximat stable during the last two decades. Tax-paid withdrawals during the calendar year 1938 were slightly greater than in the preceding year. It appears improba that the demand for fire-cured tobacco for snuff purposes will show any decided tendency to increase or decrease during the next year or two. The consumption of plug chewing probably will continue to decline. The production of this product during the last calendar year was lower than in 1937 and the smallest on record.

Foreign demand

Although the proportion of total disappearance represented by exports is smaller than in previous years, around two-thirds of the fire-cured tobacco produced in the United States, and approximately 30 percent of the dark air-cu go to foreign markets. Most of the fire-cured is shipped in the form of leaf while a large part of the dark air-cured is exported as Black Fat and Dark African.

Exports of dark tobacco so far this season show no significant change from last year but it is reasonable to believe that foreign demand will contin its downward trend during the next year or two. The European consumption of chewing tobacco, snuff and dark smoking mixtures declined further in 1938 in response to the world-wide shift away from the products of dark tobaccos towar cigarettes and light smoking mixtures. It is reported that stocks of United States dark tobaccos in Europe are about normal with the exception of Germany and Spain where stocks are very low. During the last year exports of smoking tobacco from the Netherlands were on a lower level. Smoking tobacco exported from the Netherlands is made to a considerable degree from Kentucky and Tennes fire-cured leaf. Throughout Europe as a whole domestic production of dark tobaccos continues large. Trade barriers of various kinds probably have been the most important factor encouraging domestic production and restricting impo and it is not likely that these barriers will be removed or materially reduced in the near future.

Fire-cured tobacco: Domestic supplies, disappearance, and price to farmers, average 1932-36, annual 1937, 1938, and indications for 1939

Type	Farm-sales-weight equivalent					
	Average 1932-36	1937	1938 1/	Based on prospective acreage, specified yields and probable stock		
				1939 2/	1939 3/	193
Total fire-cured, Types 21-24 -	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.
Production.....	120.5	119.8	5/ 87.0	88.3	96.1	83
Stocks (Oct. 1)...	209.7	170.7	168.3	141.1	141.1	141
Supply.....	330.2	290.5	255.3	229.4	237.2	225
Disappearance.....	128.0	122.2	114.2			
Price (cents).....	9.5	10.7	5/ 8.5			

1/ Preliminary. 2/ Production based on 5-year average yield, 1932-36, of 803 pounds; 3/ high 1934 yield of 874 pounds; and 4/ low 1933 yield of 763 pound 5/ Production and price indicated by sales data.

Dark air-cured tobacco: Domestic supplies, disappearance, and price to farmers, average 1932-36, annual 1937, 1938 and indications for 1939

Type	Farm-sales-weight equivalent					
	Average 1932-36	1937	1938 1/	Based on prospective acreage, specified yields, and probable stocks		
				1939 2/	1939 3/	1939 4/
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
One Sucker, Type 35 -						
Production	15.2	24.6	5/15.8	16.6	18.7	15.0
Stocks (Oct. 1)	33.3	23.8	33.6	32.4	32.4	32.4
Supply	48.5	48.4	49.4	49.0	51.1	47.4
Disappearance	17.8	14.8	17.0			
Price (cents)	8.6	7.4	5/ 5.8			
Green River, Type 36 -						
Production	15.2	19.8	5/14.2	13.2	14.8	11.6
Stocks (Oct. 1)	36.7	22.0	23.6	22.8	22.8	22.8
Supply	51.9	41.8	37.8	36.0	37.6	34.4
Disappearance	19.1	18.2	15.0			
Price (cents)	8.2	9.0	5/ 9.6			
Virginia sun-cured, Type 37 -						
Production	2.3	3.0	5/ 2.1	2.2	2.7	1.6
Stocks (Oct. 1)	3.3	2.4	3.2	3.0	3.0	3.0
Supply	5.6	5.4	5.3	5.2	5.7	4.6
Disappearance	2.6	2.2	2.3			
Price (cents)	10.2	8.9	5/12.8			
Total dark air-cured, Types 35-37 -						
Production	32.7	47.4	5/32.1	32.0	36.2	28.2
Stocks (Oct. 1)	73.3	48.2	60.4	58.2	58.2	58.2
Supply	106.0	95.6	92.5	90.2	94.4	86.4
Disappearance	39.5	35.2	34.3			
Price (cents)	8.5	8.1	5/ 8.1			

1/ Preliminary. 2/ Production based on 5-year average yield, 1932-36; 3/ high yield; and 4/ low yield obtained during 1932-38. 5/ Production and price indicated by sales data.

CIGAR TOBACCO, TYPES 41-62

Prospective plantings indicate an increase of 5 percent in the 1939 acreage of all types of cigar tobacco. Significant increases in area are indicated for most types particularly Pennsylvania Seedleaf, Miami Valley and Georgia and Florida sun-grown filler, and Northern Wisconsin binder type. Declines are in prospect for Connecticut Valley Broadleaf binder and Georgia and Florida shade-grown wrapper. With 5-year average yields, 1939 crops of filler, binder, and wrapper, especially binder and wrapper, would be above 1938. Due to estimated larger disappearances of cigar tobaccos during the current season, however, stocks on October 1 are expected to be smaller this year than last for filler and wrapper and about the same for binder. As a result, production plus prospective stocks (continuing to assume average yields on

indicated acreages) would result in 1939-40 supplies of filler being conside ably smaller and supplies of binder and wrapper only slightly larger than in the 1938-39 season. Prospective stocks of filler types on October 1 are unusually small especially with respect to qualities of Pennsylvania Seedleaf which are suitable for the manufacture of cigars.

Total tax-paid withdrawals of large cigars in the calendar year 1938 were slightly below those for the corresponding period a year earlier. In t 8-month period ended February, withdrawals showed a very small increase over the preceding year. Production of scrap chewing tobacco in the calendar yea 1938 was slightly below 1937, but production in the 6 months July-December w 4 percent above that for the corresponding period a year earlier. In view o prospects for stable or moderately improved business conditions during the next year, cigar consumption probably will show a slight increase over prese levels. For cigar types as a whole, the outlook is for a demand situation i 1939-40 not greatly different, but perhaps slightly better than in the curre season.

Cigar tobacco: Domestic supplies, disappearance, and price to farmers, average 1932-36, annual 1937, 1938, and indications for 1939

Type	Farm-sales-weight equivalent					
	Average 1932-36	1937	1938 1/	Based on prospective acreage, specified yields, and probable stocks 2/		
				1939 3/	1939 4/	1939 5
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Millic pounds
Filler, Types 41-45 -						
Production	47.3	45.0	46.9	47.1	52.5	39.7
Stocks (Oct. 1) 2/	174.4	161.1	156.9	129.8	129.8	129.8
Supply	221.7	206.1	203.8	176.9	182.3	169.5
Disappearance	53.5	49.2	74.0			
Price (cents)	7.9	9.9				
Binder, Types 51-55 -						
Production	42.6	51.2	6/57.4	64.0	67.7	59.5
Stocks (Oct. 1) 2/	197.6	137.4	138.0	139.3	139.3	139.7
Supply	240.2	188.6	195.4	203.3	207.0	198.8
Disappearance	58.9	50.6	56.1			
Price (cents)	11.0	13.4				
Wrapper, Types 61-62 -						
Production	7.5	8.5	6/ 9.0	10.8	11.1	9.0
Stocks (Oct. 1) 2/	15.1	12.8	12.6	10.9	10.9	10.9
Supply	22.6	21.3	21.6	21.7	22.0	19.9
Disappearance	8.6	8.7	10.7			
Price (cents)	69.1	89.4				

1/ Preliminary. 2/ Estimated stocks held by dealers and manufacturers; stocks held on farms, greatly reduced since 1933, are not included. 3/ Production based on 5-year average yield 1932-36; 4/ high yield; and 5/ low yield obtained during 1932-38. 6/ Including estimated storm loss of 4,001,0 pounds of type 51; 2,042,000 pounds of type 52; and 471,000 pounds of type (

Tobacco acreages by types, average 1932-36, annual 1937, 1938 and 1939 prospective acreage as of March 1

Types	Acreage				
	Average 1932-36	1937	1938 1/	1939 Prospective acreage	1939 Change from 1938
	1,000 acres	1,000 acres	1,000 acres	1,000 acres	Percent
lue-cured, Types 11-14	792.2	973.3	893.0	990.4	+ 11.0
a. fire-cured, Type 21	24.6	25.4	21.6	21.6	0.0
y. and Tenn. fire-cured, Type 22	87.7	82.0	70.0	58.2	- 16.9
y. and Tenn. fire-cured, Type 23	33.9	34.5	30.9	28.0	- 9.4
enderson fire-cured, Type 24	4.0	2.5	2.5	2.2	- 12.0
urley, Type 31	359.3	443.8	434.6	420.9	- 3.2
aryland, Type 32	37.0	35.0	37.5	37.5	0.0
ne Sucker, Type 35	18.7	27.1	23.5	20.6	- 12.3
reen River, Type 36	18.8	22.0	18.7	16.5	- 11.8
a. sun-cured, Type 37	3.0	3.8	3.0	3.0	0.0
a. Seedleaf, Type 41	25.0	23.5	24.0	25.7	+ 7.1
iami Valley, Types 42-44	17.6	15.5	13.8	14.8	+ 7.2
a. and Fla. sun-grown, Type 45	.6	1.1	1.2	1.5	+ 25.0
onn. Valley Broadleaf, Type 51	7.2	9.1	8.5	8.1	- 4.7
onn. Valley Havana Seed, Type 52	6.1	6.6	6.6	6.8	+ 3.0
.Y. and Pa. Havana Seed, Type 53	1.0	1.1	1.4	1.8	+ 28.6
outhern Wisconsin, Type 54	9.2	11.0	15.0	15.0	0.0
orthern Wisconsin, Type 55	5.9	7.8	10.4	11.7	+ 12.5
onn. Valley shadegrown, Type 61	5.3	7.2	7.3	7.6	+ 4.1
a. and Fla. shadegrown, Type 62	2.1	2.8	3.2	3.0	- 6.2
United States	1,459.2	1,735.1	1,626.7	1,694.9	+ 4.2

/ Preliminary.

Tax-paid withdrawals of tobacco products, July-February, and production of manufactured tobacco, July-December, in the United States, 1937-38 and 1938-39 1/

Products	Tax-paid withdrawals July-Feb. 1937-38	1938-39	Change 1938-39 from 1937-38	Manufactured tobacco	Production July-Dec. 1937	1938	Change 1938 from 1937
	Millions	Millions	Percent		1,000 pounds	1,000 pounds	Percent
Large cigars ..	3,590	3,593	+ .1	Plug	28,514	27,765	- 2.
Small cigars ..	126	103	-18.3	Twist	3,331	2,696	- 9.
Small cigarettes	109,085	109,462	+ .3	Fine-cut ..	2,728	2,293	-15.
Large cigarettes	2	2	0.0	Scrap chewing..	22,681	23,655	+ 4.
Manufactured tobacco 2/...	195,142	201,751	+ 3.4	Smoking ..	93,318	101,534	+ 8.
Snuff 2/.....	24,472	25,115	+ 2.6				

1/ Tax-paid withdrawals include products from the Philippine Islands and Puerto Rico. 2/ Thousand pounds.

Tobacco: Exports by types from the United States, marketing year to February, average 1932-33 to 1936-37, 1937-38 and 1938-39

Type	Exports (export weight) Oct.-Feb. Average 1932-33 to 1936-37	1937-38	1938-39 Quantity	Change from 1937-38
	1,000 pounds	1,000 pounds	1,000 pounds	Percent
Flue-cured 1/	280,161	300,057	308,314	+ 2.8
Burley	4,481	4,534	4,500	- .3
Kentucky and Tennessee fire-cured	20,045	13,914	14,402	+ 3.5
Virginia fire-cured	4,935	4,024	3,983	- 1.0
Maryland 2/	1,034	723	687	- 5.0
One Sucker	320	47	370	+687.2
Green River	814	1,210	1,269	+ 4.9
Cigar leaf	532	400	1,696	+324.0
Black fat, water baler, and dark African	3,712	3,292	3,024	- 8.1
Stems, trimmings, and scrap ..	10,812	6,505	16,259	+ 57.7

1/ July-February. 2/ January-February.

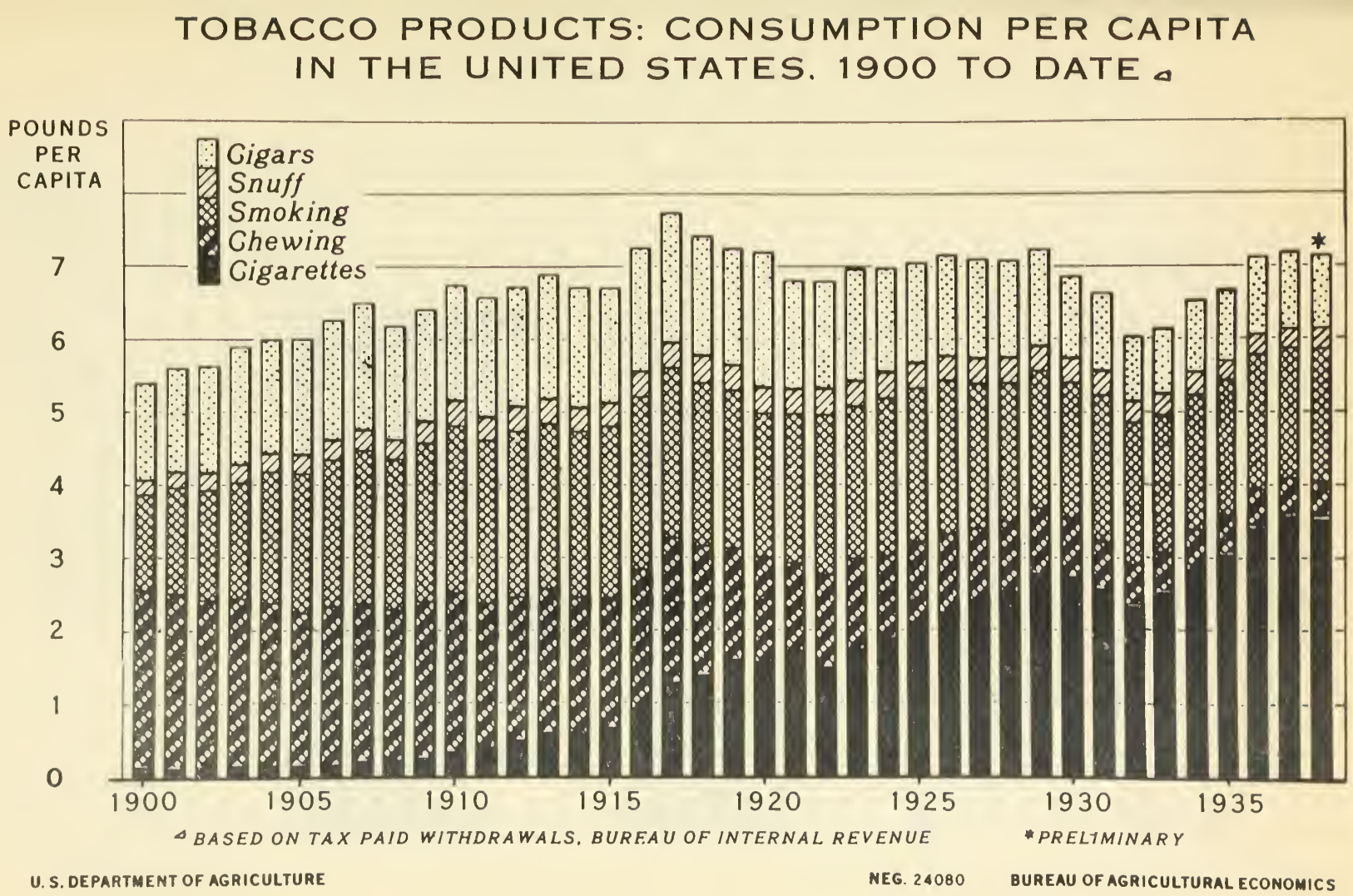

FIGURE 1.- THE TOTAL PER CAPITA CONSUMPTION OF TOBACCO PRODUCTS WAS ON AN UPWARD TREND UNTIL 1917. THE CHART SHOWS THE STRIKING CHANGES WHICH HAVE TAKEN PLACE IN THE RELATIVE IMPORTANCE OF DIFFERENT PRODUCTS, AND THE EFFECT OF CHANGING ECONOMIC CONDITIONS ON CONSUMPTION. DURING THE DEPRESSIONS FOLLOWING 1920 AND 1929 CONSUMPTION OF TOBACCO PRODUCTS DECLINED.

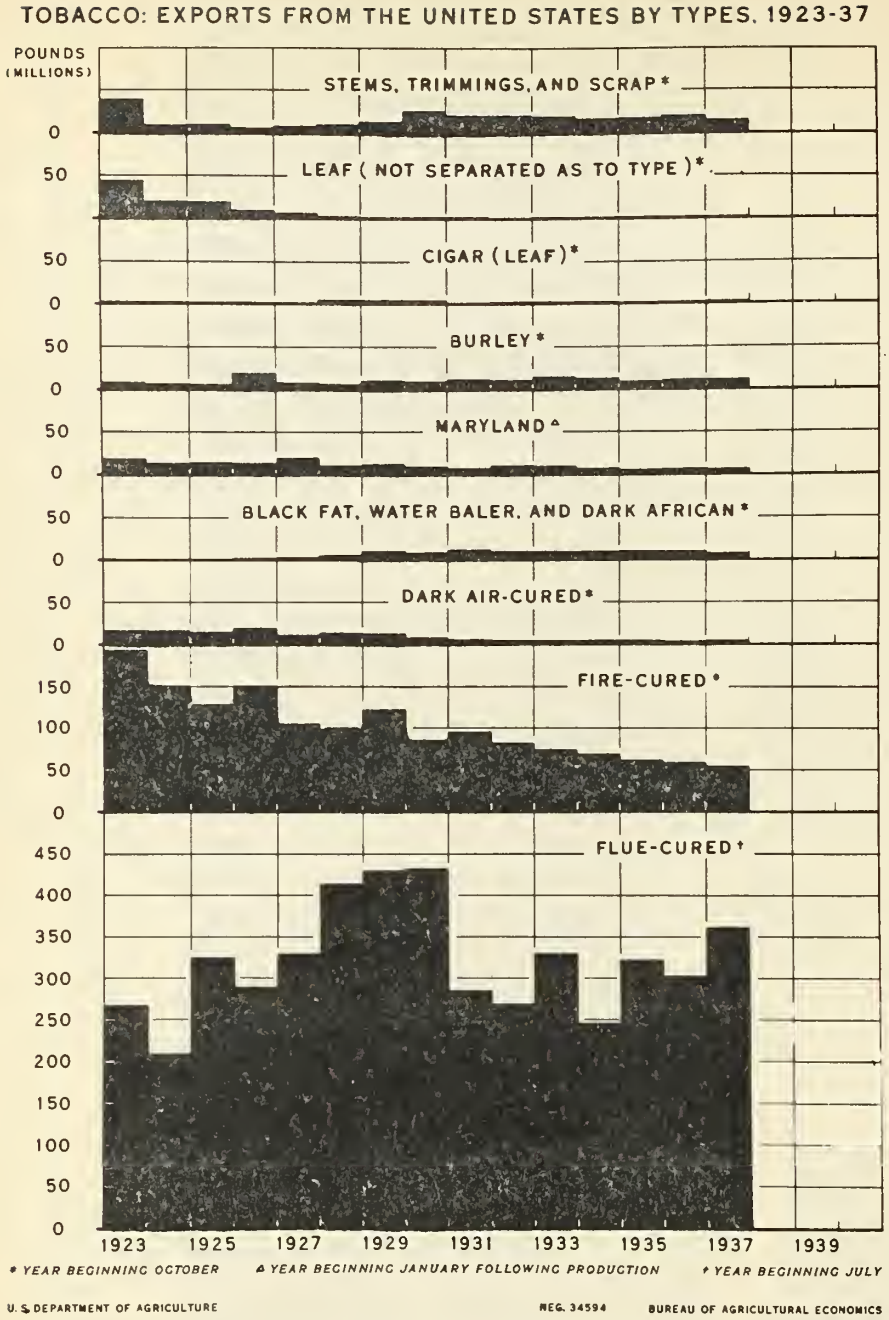

FIGURE 2.- AS INDICATED IN THIS CHART, THE IMPORTANT UNITED STATES EXPORT TOBACCOS ARE FLUE-CURED AND FIRE-CURED. EXPORTS OF FIRE-CURED AND DARK AIR-CURED TOBACCOS HAVE BEEN CURTAILED BY DECREASED TOTAL CONSUMPTION OF THESE KINDS IN FOREIGN COUNTRIES, BY INCREASED FOREIGN PRODUCTION, AND BY THE OPERATION OF TRADE BARRIERS. WHILE INCREASED PRODUCTION AND UNSETTLED WORLD CONDITIONS HAVE AFFECTED FOREIGN MARKETS FOR UNITED STATES FLUE-CURED LEAF, THE INCREASING TOTAL FOREIGN CONSUMPTION OF THIS KIND OF TOBACCO IN THE FORM OF CIGARETTES, PARTICULARLY IN THE UNITED KINGDOM, HAS MAINTAINED FLUE-CURED EXPORTS AT A RELATIVELY HIGH LEVEL.

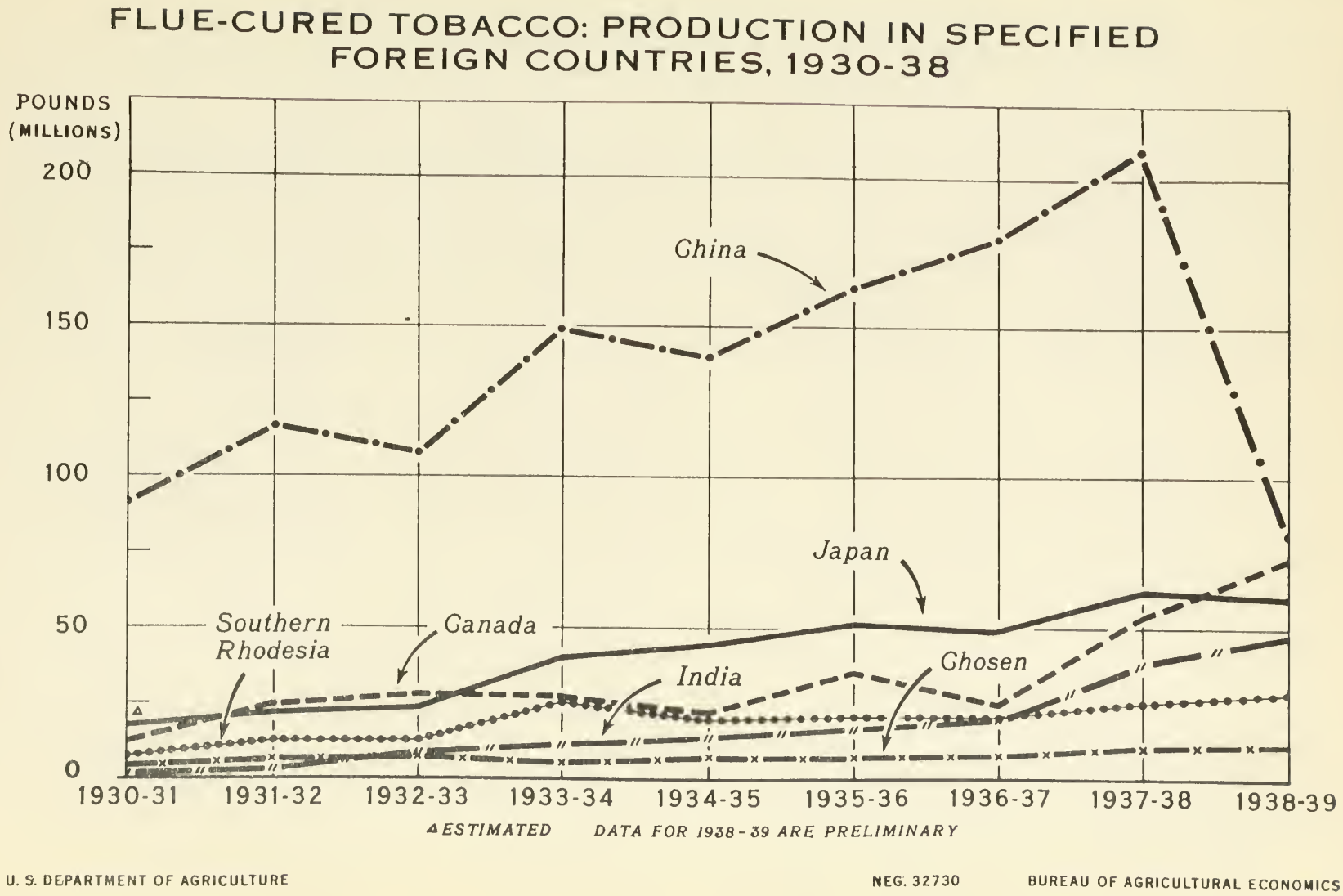

FIGURE 3.- PRODUCTION OF FLUE-CURED TOBACCO IS INCREASING IN MOST OF THE MORE IMPORTANT PRODUCING COUNTRIES FOR WHICH DATA ARE AVAILABLE. DATA FOR BRAZIL ARE NOT AVAILABLE.